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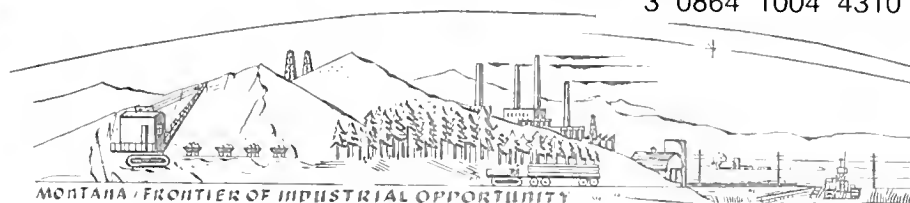
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# Industrial Horizons



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## 1958 a Good Year for Montana Agriculture

Montana had a near-record agricultural year in 1958, according to preliminary figures released by the Montana Crop and Livestock Reporting Service in Helena.

In terms of dollar value of agricultural production, 1958 was second only to 1951's bumper year. Total gross value reached \$274.4 million for crops, and \$243.3 million for value of livestock—for a total \$517.7 million value of all agricultural production. The total in 1951 was \$559.0 million, and in 1957 was \$470.1 million.

This figure of gross value has some overlap, according to P. J. Creer, Agricultural Statistician in charge of the Helena office. This is because some of Montana's crop production is transformed into livestock within the state. However, the figure is valid for comparison with other segments of the economy.

### Agriculture Still Number One

Value added by manufacture was \$243.0 million in 1956, and value of minerals produced was \$177.0 million in 1958. No recent estimate of the value of tourism to the state's economy has been made. Agriculture thus remains number one in the Montana economy.

Reduced prices for most crops in 1958 were more than offset by larger production. Wheat tumbled from \$1.84 to \$1.61 per bushel last year, but the greater harvest boosted its value to \$162.2 million, as compared with \$150.9 million in 1957. The value of wheat was 59.1 per cent of the total value of all crops produced, followed by hay with 18.0 per cent and barley with 13.4 per cent.

### Record Yields

Yields per acre for most crops in 1958 exceeded those for 1957. Winter wheat yield equaled the record established in 1955 and durum matched its high 1955 figure, according to the Reporting Service. The oats and barley yields were the highest since 1927, and rye the highest since 1917. Potatoes established a record high this year, and the yield of sugar beets was second to last year's record. All hay came through with the highest yield since 1928.

The aggregate production of crops in Montana in 1958 was second in size (on a weight basis) only to the record 1955 harvest. Severe drought in northeastern counties prevented the attainment of a new record. About 8.4 million tons of crops were harvested last year. This compares with 7.8 million tons in 1957, and the 1947-56 average production of 6.9 million tons. Crops were taken from 8,793,000 acres in 1958, which was 232,000 acres less than in 1957.

However, Montana is no longer the nation's third largest wheat producer, as it was last year. Both Nebraska and Oklahoma have overtaken Montana. In 1956

Montana was third with a 87.0 million bushel crop; last year it was only fifth with a total production of 100.7 million bushels.

### Livestock Value Up

Value of livestock also increased appreciably last year over previous years. The 1947-56 average value of livestock production was \$190.9 million, and the 1957 value was \$202.3 million.

Total cash receipts of agricultural products are estimated by the Montana Crop and Livestock Reporting Service on a preliminary basis at \$444.2 million for 1958. This is the amount received by the farmer for crops and livestock sold. It is not comparable to that of total value of production.

## Amendments Help Zoning In Suburbs

Amendments to Montana's city planning legislation were passed by the 1959 legislative session, and signed into law by Gov. Aronson on March 16.

The amendments, which were submitted to the legislature by Montana's 14 City-County Planning Boards (see INDUSTRIAL HORIZONS, Dec. 1958), strengthen the zoning powers of boards of county commissioners represented on planning boards, in urbanized areas surrounding incorporated cities. They also provide that:

- 1. Citizen members of city-county planning boards must be freeholders (owners of real property) resident within the planning board's jurisdictional area.
- 2. Boundaries of the jurisdictional area must be approved by the board of county commissioners.

### Plats Must Conform to Master Plan

- 3. After a master plan and subdivision regulations have been adopted by the city council and board of county commissioners, all new plats must be certified by the planning board as complying with the master plan.

- 4. Agricultural lands, as well as mineral and forest lands, are exempted from planning controls.

The State Senate added an amendment which limits the size of the area under the jurisdiction of a city-county planning board to six miles from the city limits in counties under 20,000 population, or twelve miles in counties over 20,000 population.

Copies of the new amendments are available from the State Planning Board.

## Culbertson Acquires New Safflower Plant

Culbertson, in northeastern Montana, has been selected as the site of a safflower-processing plant, according to E. A. Hill, assistant vice president of Pacific Oil Corp., of San Francisco. The announcement culminates two years of speculation about the plant's location.

The firm has been contracting acreage in northeastern Montana and western North Dakota for over a year, and this year 80,000 acres of the seed crop will be bought.

Safflower is now grown mainly in the Sacramento Valley of California, but it is a promising cash crop for farmers in many semiarid regions such as the Northern Great Plains. Research on growing methods has been carried on for several years at the Eastern Montana Branch Agricultural Experiment Station at Sidney. The use of safflower oil has been increasing rapidly in recent years, primarily as a raw material for the paint and varnish industry.

### Used by Heart Patients

However, safflower has also been used for many centuries as food in Asia. Recently it has attracted considerable interest as an edible oil because it is a highly unsaturated oil having high linoleic acid content. Linoleic acid is a fatty acid which recent medical research indicates may be beneficial in reducing cholesterol levels in the blood. For this reason, small quantities of the oil have been sold to pharmaceutical firms who are marketing products aimed at combating arteriosclerosis. In addition, the meal that remains after extraction of the oil is recognized as an excellent protein supplement for livestock feed.

Culbertson was selected, according to Hill, because it is near the center of the safflower acreage in the Northern Great Plains, and because of its proximity to promising markets for safflower meal.

Wolf Point, Sidney, and Williston, N. D., had also been under consideration.

### Byproduct Used for Feed

The new plant, in addition to crushing safflower to extract industrial oil for shipment to Eastern manufacturers, will sell safflower meal to surrounding feedlots, and to ranchers for winter feeding operations.

This plant marks an important step in the effort to utilize Montana's agricultural products in manufacturing operations. Similar oilseed crops—such as mustard, flax, and soybeans—may also be the basis for such plants in Montana.

# Two New Spud Chip Plants

## NALLEY'S BILLINGS PLANT TO SUPPLY FOUR STATES

Potato chips to be distributed in four states will be manufactured by mid-March in a new \$100,000 factory in Billings, according to an announcement by officials of Nalley's Montana Company.

The potato chip plant, under construction since December in the Northern Pacific Industrial Sites just west of Billings, will be operated by a wholly-owned subsidiary of Nalley's, Inc., of Tacoma. The Montana subsidiary was incorporated in Montana, October 28, 1958.

Initial output, with eight workers on a single shift, will process 10,000 pounds of potatoes per day to manufacture approximately 2,500 pounds of chips daily. These will be sold throughout Montana, and in northern Wyoming and western North and South Dakota.

### Double Shift for Summer

William T. Sampson, superintendent of the Billings plant, predicts the plant will be working a double shift by mid-May, and eventually will employ twenty Billings residents. Sampson, who formerly was assistant superintendent of Nalley's Tacoma potato chip factory, has been associated with the parent firm ten years in the chip division. Nalley's has other chip plants in Portland, Spokane, Vancouver, B. C., and Brooks, Alta.

The Billings factory will utilize approximately 1,300 tons (26,000 one-hundred pound bags) of potatoes annually on a one-shift basis. Double shifts planned during the summer picnic season and preceding the Christmas-New Year's holiday season would double potato purchases and output, according to Sampson. He estimates production during the first year will exceed two million packages of potato chips.

The Billings plant will operate in a 100x60-foot prefabricated steel (Butler) building constructed by the R. I. Stratford Co., of Billings.

### Selection of Billings

Growth of population and available markets in the Billings area determined location of the plant, Sampson says. He adds that Billings also was selected because of transportation facilities and the possibility of future distribution of other

## BIG STACK PLANT IN GREAT FALLS

In Great Falls, construction is partially completed for the new 40x121-foot \$26,000 building of Big Stack Chip and Food Company at 721 Sixth St., S.W.

Tim T. Calaway, owner and manager, reports that expanded sales, causing an increase in personnel and production, make it necessary to expand his plant. Big Stack began manufacturing potato chips two and one-half years ago in a small garage. The firm soon outgrew this building and moved into a nearby warehouse, which now is too small, according to Calaway. The firm normally employs 20 people, and plant capacity is 6,000 pounds of potatoes per shift. The firm used 6,270 cwt. of Montana potatoes in 1958, and 2,970 cwt. of California potatoes. Sales were substantially over \$100,000.

"We service all of central Montana," Calaway reports, "from Havre and the Hi-Line to Lewistown, Kalispell, Livingston, Helena, Butte, Anaconda, and Deer Lodge, as well as Great Falls. Before our plant opened, these areas were served by chips made in Spokane and Portland, among other places. So we are proud to have brought a hobby from my wife's kitchen stove to one of Montana's newest and most progressive industries."

Nalley's products in the four-state area, although the company has no immediate plans along these lines.

The Tacoma plant now makes salad dressings, syrups, pickles, baked and fried snack items, and one-dish meals or canned meats for sale in this area.

### Local Spuds

Nalley's Montana Co. now has field men contacting growers in Montana and northern Wyoming for delivery of potatoes from the 1959 crop, Sampson adds. The company hopes to be able to obtain all of its potatoes from Montana and the Big Horn Basin area of Wyoming in the future. Kennebec and Russet white potatoes are preferred varieties.

## Billings and Great Falls Slug It Out

The friendly rivalry between Billings and Great Falls—Montana's two largest cities—continues unabated.

Both have a population upwards of 70,000, according to recent estimates of their respective City-County Planning Boards, and both have experienced continuous growth in the past decade.

The prosperity of Billings is based largely on servicing a large wholesale trading area stretching into Wyoming and Dakota, aided by three large oil refineries and offices for major companies producing in the Williston Oil Basin (see INDUSTRIAL HORIZONS, Apr. 1958).

Great Falls has a large ADC and SAC airbase and the Anaconda Company electrolytic metals smelter. The city is the center of Montana's dryland wheat area.

### Billings—Billion Dollar Market

Billings has become the state's first city to attain an annual market rating of a billion dollars or more, according to the Billings Chamber of Commerce. Bank debits in Billings for the 12 months of 1958 totaled \$1,072,354,000—an increase of nine percent over the aggregate for 1957. Bank debits for the most part are checks against depositors' accounts and thus represent payments for goods, services and debts. They are considered an excellent indicator of business activity. Ranking second in the Treasure State was Great Falls, which reported a total of \$832,201,000.

### Great Falls Leader in Construction

Great Falls, on the other hand, is booming its record as the leading city in Montana for new construction in 1958. Out of a total of 4,574 new permits, 1,263 (or 36 percent) were granted in Great Falls. By value, permits for structures worth \$11,092,694 were granted in Great Falls, from a Montana total of \$35,926,738. Billings was second in 1958 with 531 new permits, valued at \$4,516,900.

One reflection of the competition between these two Capitals of the Northern Great Plains is the desire to attain Standard Metropolitan Area classification in the 1960 census. To qualify for this special status, the population within the city limits must be 50,000 or more as of April 1, 1960. Great Falls has already qualified, according to preliminary estimates. However, more than one-third the residents of Billings live outside the city limits, most of them on the West Side. Therefore, the City of Billings and the Billings Chamber of Commerce are conducting an intensive annexation campaign to assure sufficient population for 1960.

Not only is special population and housing block data collected for metropolitan areas, but many industries consider this a breaking point between "city" and "town." If Great Falls is the only metropolitan area in Montana during the 1960's, according to the Billings Chamber of Commerce, there will be a lot of red faces in Billings.



Architect's drawing of the new Nalley's Montana Co. potato chip plant now being built in Billings. The plant will serve a four-state area, and demonstrates the growing attraction of Montana locations to serve regional markets.

## NEW MILLS INCREASE LAKE COUNTY'S LUMBER EMPLOYMENT TO 600

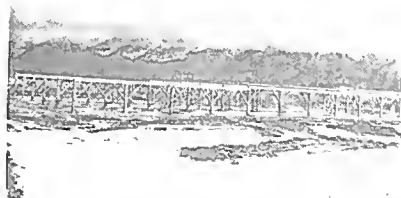
Polson is fast becoming a major lumber capital, according to the energetic manager of the Polson Chamber of Commerce, Dorris Stalker.

In the past year, four large new lumber mills have been announced in the Polson area, and another is undergoing major expansion. Total new investment in these operations, with planned expansions, will result in new basic employment of 400 men, new investment approaching \$3 million, and 450,000 board feet per shift new sawmill capacity, according to Mrs. Stalker.

### Plum Creek

Largest of the new mills is that of Plum Creek Lumber Co., at Pablo, seven miles south of Polson (see INDUSTRIAL HORIZONS, July-Aug., 1958). Utilizing timber from Northern Pacific, national forest, and other lands, the new plant represents an investment of \$1.5 million, with employment of 75 and an annual payroll of \$350,000. Ultimate employment, with contemplated expansions, will be 150. The sawmill, when completed, will have a capacity of 100,000 board feet of rough lumber per shift. The planer is already in operation, taking rough lumber from several small mills in the area to utilize capacity. Timber is brought from as far away as 100 miles. Four to six cars of chips per day are being shipped to the Waldorf Paper Products Co., pulp mill at Missoula.

### New Dupuis Bros. Mill



Another large mill is the Dupuis Brothers Lumber Co., operation which early this year moved to a site on the outskirts of Polson from Dog Lake. The plant will be finished in July, 1959, and will hire 60 men per shift, producing 60,000 board feet per shift. Payroll will be about

\$220,000 per year. The plant is expected to alleviate the unemployment of the Flathead Indian tribe.

### Two Other Mills

Two other new mills are being built near Polson—that of Thomas Wheeler, which produces rough lumber for Plum Creek, and of Pete Danielson, which will produce 10,000 board feet of studs per shift.

### Polson Plywood Expansion



In addition, the Polson Plywood Company, Montana's only plywood manufacturer, is undergoing an important expansion which will bring into operation a new sanding operation and warehouse space. The firm has been making plywood since 1951 and employs 85 men. The mill now has a capacity of 60,000 board feet of rough lumber per shift, and 1.5 million square feet of 3/8" plywood per month. The rough lumber capacity is being increased substantially.

In addition, Mrs. Stalker reports a rumor is circulating that another large lumber operation will be built in Polson.

Thus, the Polson area is achieving a very healthy integration in its wood products industry — from rough lumber, through finished lumber, studs, ties, and cores, to plywood and chips for pulp.

Total employment in Lake County's wood industries (logging, lumbering, secondary manufacturing) approaches 600—a notable increase for an area which only 10 years ago was primarily agricultural.

### "Gold Mine On Main Street" Film Now Available

A new film on industrial development is available to service clubs, community groups and other organizations in Montana.

Entitled "Gold Mine on Main Street," the 25-minute color film shows step by step the methods used by communities all over the country to attract new industries. The film deals with such factors as industrial development corporations, advertising, organizing for community action, industrial zoning, buildings as an inducement to new industry and developing a good "business climate."

The film was produced for the State Planning Board by the publishers of "Industrial Development Magazine" in Atlanta. It is available for free showing to any group in Montana from the State Planning Board, and complements the previously-acquired film on city planning, "Now for Tomorrow."

### BRIEFS . . .

A bill to pave the Alaska Highway has been introduced into Congress, with Montana's Senators as co-sponsors. The bill would appropriate \$11 million a year for six fiscal years, on condition that the Government of Canada participate equally in the program. The Canadian Government would also agree to maintain the Canadian section of the highway after completion and make it accessible on free and non-discriminatory terms to United States traffic. The 300 miles of the highway in Alaska are paved now; only the 1,200 miles within Canada remain unpaved. This bill dovetails with the program of the Alaska International Rail and Highway Commission, for which the State Planning Board is preparing a brief on the importance of adequate transportation to Alaska for Montana industry. With the proposed Interstate Highway entering Canada at Sweetgrass—the gateway to Alaska—Montana would benefit from an all-weather highway all the way to the 49th state.



Aerial view of the \$1.5 million Plum Creek lumber mill between Polson and Ronan. The mill, when completed, will have a capacity of 100,000 board feet of rough lumber per shift. (Flathead Courier photos)

## NEW SBIC PROGRAM FOR AIDING SMALL BUSINESS

For 10 years Congress discussed capital banks for small business. In July of 1958 it acted. The result was the Small Business Investment Act, designed to open up a flow of equity funds and long-term loans to small firms.

The plan is to offer government money to encourage private institutions which will in turn finance small business. Federal money will take the form of loans to state and local development credit corporations and to new Small Business Investment Companies formed under the bill. The Small Business Administration, which Congress made permanent this year, will be in charge of the program.

Congress authorized a revolving fund of \$250 million to finance the new program, with a limit of \$50 million in the first year.

The SBIC can borrow an amount up to one-half of its capital from SBA. With SBA subordinated debentures classified as equity, an SBIC could go into business with \$150,000, borrow \$150,000 from the SBA on subordinated debentures, and then borrow an additional \$150,000 as an ordinary loan. If more private capital is put in, then government borrowing power is increased.

The SBIC can also borrow from other sources. National banks are authorized to participate by both loans and the purchase of stock, up to one per cent of the bank's capital and surplus.

The SBIC's will provide equity capital by purchasing convertible debentures from small businesses at terms set by SBA regulations. The firm receiving aid through debentures will be required to purchase stock in the investment company at a minimum of three to five per cent of the amount of the loan, the exact amount to be determined by SBA. In this way the companies eventually become mutual institutions.

### Loan Conditions

The SBIC will also make long-term loans to small business under these conditions: (1) SBA will set the maximum interest rate, (2) the maximum maturity is 20 years, with one possible 10-year extension, and (3) an SBIC can lend no more than 20 per cent of its capital and surplus to any one business. The SBA, which has not yet determined the rates, is limited to 5½ per cent on loans it makes directly to small business.

Some interest has been shown in surrounding states in formation of Small Business Investment Companies. Preliminary work on formation of five such companies is underway in Washington, Oregon, and Idaho. Two groups have evinced interest in the program in Montana.

## Loans to Development Foundations

Other sections of the Small Business Investment Act of 1958 provide for loans to state-chartered development credit corporations (killed by 1959 legislature in Montana) and to local industrial development foundations. A further provision of the act provides \$27.5 million for annual grants of \$40,000 to research institutions in each state for research into the problems of small business. Several Montana organizations, under the leadership of the State Planning Board, are preparing a coordinated application for this grant.

Further information on Small Business Investment Companies is available from either the State Planning Board or SBA.

## CREDIT CORPORATION BILL FAILS PASSAGE

Enabling legislation for development credit corporations (HB 200, see INDUSTRIAL HORIZONS, February, 1959) was again killed in Senate committee, as it was in the 1957 legislative session. Thirteen states have now authorized creation of these institutions for supplemental capital to small industries with growth potential. Prepared by a group of persons familiar with financing small businesses in Montana, Montana's bill would have allowed banks and other financial institutions to spread the risk in providing long-term risk capital to promising new industries that find themselves unable to meet loan requirements of commercial banks. A state with a development credit corporation definitely has an advantage in industrial development over those without.

## Urban Renewal Bill Passed by Legislature

Urban renewal (slum clearance) enabling legislation was passed by the legislature and signed into law by the Governor. The legislation is similar to that in effect in 41 other states. It allows cities to redevelop slum areas, with federal assistance. Congress appropriated \$175 million for urban renewal in fiscal 1959; estimates for next year run as high as \$600 million.

### Sponsored by Indians

The legislation was sponsored by the Blackfeet Tribal Council, City of Browning, Browning Chamber of Commerce, and the Inter-Tribal Policy Board (an organization of the seven Indian tribal councils of the state). These groups hope to redevelop slum property in several communities adjacent to Indian reservations, especially Browning.

However, the legislation may be of importance to many Montana communities with deteriorating downtown areas and residential slums.

### Remove Slums

The new law authorizes city councils of incorporated municipalities to set up urban renewal agencies similar to housing authorities. These agencies are to make studies of slum conditions. When the city council and a majority of voters voting in an election have approved the studies, the city is allowed to negotiate for removing the slums and selling the redeveloped property to private developers. All studies must be coordinated with the city's master plan.

Further information on the subject is available either from the State Planning Board or from E. R. Durkee, Director for Northwest Operations, Housing and Home Finance Agency, 450 Federal Office Building, Seattle.

## THAT MONTANA IS A GOOD PLACE TO DO BUSINESS, IS SHOWN BY THE FOLLOWING TABLE:

Industrial and Commercial Failures: Number and Liabilities, Montana, 1948-1957

Year	Number of Concerns in Business	Number of Failures	Failures as % of Concerns in Montana	% of U. S.	Current Liabilities (\$1,000)
1957	12,153	19	0.16	0.25	456
1956	11,922	27	0.23	0.48	643
1955	11,682	21	0.18	0.42	248
1954	11,495	14	0.12	0.42	240
1953	11,536	9	0.08	0.33	140
1952	11,330	5	0.04	0.29	280
1951	11,676	2	0.02	0.31	33
1950	11,880	6	0.05	0.34	285
1949	11,449	8	0.07	0.35	198
1948	11,346			0.21	

Data taken from Bureau of Census, Statistical Abstract of the United States: 1956, p. 504, as reprinted in Montana State University, Montana Almanac: 1959-60, p. 293. Data originally from Dunn & Bradstreet, Inc.

## MONTANA STATE PLANNING BOARD

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## Industrial Horizons . . .

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